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~~TOP SECRET~~**GENERAL****1. India seen seeking to evade Indochina responsibilities:**

[REDACTED]

The British acting high commissioner in New Delhi notes that the Indian press has abruptly changed from admiration to hostility toward British foreign secretary Eden, accusing Eden of yielding to American pressure on the Indochina question. The high commissioner considers that this change is probably the result of "guidance" from V. K. Krishna Menon. Menon's sudden departure from Geneva may mean that India anticipates that the conference is about to fold up and that New Delhi wishes to avoid any connection with this failure.

Comment: India has not been formally represented at Geneva, but Menon's activities there have given at least a semblance of Indian participation in efforts to reach a settlement in Indochina.

New Delhi apparently now believes that no mutually agreed settlement will emerge from Geneva and wishes to avoid any possible obligation, even if only a moral one, to take a part in Western-sponsored plans.

**2. Greece and Turkey favor Italian adherence to Balkan alliance:**

[REDACTED]

Greece and Turkey regard the Balkan military alliance as of great benefit to Italian security, according to a memorandum of conversation between the Greek and Turkish prime ministers which was read to Ambassador Warren in Ankara. The two countries agreed that Italian adherence to the alliance is "eminently desirable and in the long run essential to the rounding out of security arrangements in the Balkan area."

Regardless of the status of the Trieste negotiations, the Balkan alliance is now "practically decided and completed." It will be ready for signature at the tripartite foreign ministers' conference in Belgrade in mid-July.

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Comment: Tripartite recognition of the desirability of Italian adherence to the alliance is a realistic assessment of area defense problems, but the present strong Italian opposition to the alliance makes it clear that Italy would not join in the near future.

### SOVIET UNION

#### 3. Comment on overfulfillment of Soviet spring sowing plans:

[REDACTED] Soviet announcements that collective farms have exceeded the 1954 spring sowing plan by about two percent suggest that the first phase of the regime's very ambitious agricultural program has been successful. According to Soviet statistics, the total sown area of the USSR in 1953 was about 388,000,000 acres, including 263,000,000 acres sown with grain.

Most of the increase in sown area planned for 1954 was to be about 5,700,000 acres of grain crops sown on semiarid virgin and reclaimed lands in Kazakhstan, western Siberia, and the northern area of the Transcaucasus. The government has been counting on grain from this area to break the bottleneck in agricultural production. It is now claimed that planting quotas in the area have been overfulfilled by 2,200,000 acres. This year's plan is much more modest than that for 1955, however, when the USSR plans to sow grain on an additional 26,000,000 acres of virgin and reclaimed land.

Despite the overfulfillment of spring sowing plans, the decisive factor is the weather in May, June and July. The weather to date has been officially reported as favorable. In general the rainfall in these marginal areas is inadequate in two out of five years. [REDACTED]

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~~TOP SECRET~~**FAR EAST****4. Peiping will "probably" send chargé to London soon:**

[REDACTED]

In a recent conversation with Foreign Secretary Eden at Geneva, Chinese Communist foreign minister Chou En-lai said that Peiping would "probably" send a chargé to London in the near future.

The Foreign Office representative in communicating this to the American embassy gave the impression that the government is "not at all happy" over the prospect of receiving a Chinese Communist diplomatic representative because it anticipates an unfavorable American reaction.

Comment: Peiping was expected at Geneva to try to improve relations with some governments which have recognized it. The Chinese Communists probably believe that regularizing relations with Britain would help in exploiting Anglo-American differences and would encourage other Western nations to recognize the regime and support its claim to China's seat in the UN.

However embarrassing the immediate consequences may prove to be, establishment of normal relations with Peiping has been a goal of Britain's policy since 1950. The projected Communist move would tend to reduce the domestic political impact of the British Labor Party's scheduled good-will mission to China this summer.

**5.**

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## SOUTHEAST ASIA

### 6. France seen facing capitulation in Indochina:



The diplomatic counselor to General Ely told the American chargé in Saigon on 11 June that unless "by some miracle" a French government could be found that would continue the military effort, there was no alternative to French capitulation. He stated that everyone in the Laniel cabinet except the premier, Foreign Minister Bidault, and Deputy Foreign Minister Maurice Schumann had "written off the war."

Comment: Since a major factor in Laniel's downfall was parliamentary dissatisfaction with his handling of the Indochina negotiations, it is virtually certain that any successor government will be pledged to bring about an early end to the war. French official and parliamentary statements in recent weeks make it increasingly clear that without direct American or UN intervention, the end of the French military effort can be expected within a matter of months.

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7. Recent incidents illustrate poor civilian and military morale in Vietnam:



The American embassy in Saigon has received a report that a Vietnamese regular army mobile group stationed in central Vietnam recently refused orders to go

into action. Former commissioner general Dejean, in **confirming** this, described it as additional evidence of a serious worsening of Vietnamese army morale.

The embassy also has reports of recent rioting at the Vietnamese naval academy in central Vietnam, where students are said to have assassinated the local chief of security, and of widespread rioting last week south of Saigon in protest against conscription.

Comment: The Vietnamese population has long shown a marked lack of enthusiasm toward its government and army. This attitude has been strengthened by the prospect of an early Viet Minh victory by military or diplomatic means.

General Ely, in his appearance before principal personalities of north Vietnam, made a singularly poor impression and, according to the American consulate in Hanoi, his assurances of French "generosity" toward nationalist aims were received in total silence.

8. Malayan nationalists planning anti-British measures:



The British Colonial Office's refusal to appoint an independent commission to review Malayan constitutional questions has stimulated a sharp reaction among

Malayan nationalists, according to the American consulate in Kuala Lumpur. The United Malay Nationalist Organization and the allied Malayan Chinese Association have announced that their members would resign from all government positions.

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Meanwhile, the consulate has been informed that these two groups, which together make up the largest legal political organization in Malaya, are planning a campaign of "propaganda and non-co-operation" against British authority. [ ]

[ ] the alliance of the two groups is supported by the Federation's only Malay regiment as well as by constable and home guard units, and that it has established a paramilitary organization to promote civil disobedience.

Comment: Nationalist sentiment in Malaya has mounted during the past two years but has been slow to crystallize. Violence by these non-Communist groups appears unlikely in the near future.

#### NEAR EAST - AFRICA

##### 9. Ben-Gurion may return as Israeli prime minister:

[ ] Former premier Ben-Gurion may return as prime minister of a new government in Israel within six months, according to various reports reaching the American army attaché in Tel Aviv.

Ben-Gurion has received considerable publicity, due to rumors of his re-entry into the government and due to his recent advocacy of a two-party system as well as a united "nonpolitical" youth movement.

Comment: Ben-Gurion retired from office in December 1953. He has, however, maintained an active interest in public affairs. He has had close contacts with Minister of Defense Lavon and Chief of Staff Dayan, both of whom are reputed to support a strong retaliatory policy toward the Arab states.

The recent spate of rumors on this subject suggests that the more moderate policy of Prime Minister Sharett may be in the process of revision and that Ben-Gurion may return to promulgate a tougher policy toward the Arabs.

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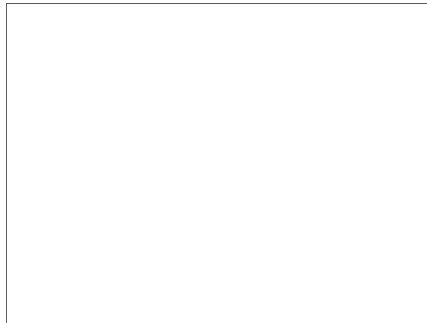
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10. Critical point reached in Libyan base negotiations:



Minister Villard in Tripoli is convinced that Libyan prime minister Ben-Halim, supported by the king, is determined to use the question of jurisdiction over American troops in Libya as the top bargaining point to obtain the maximum price in return for a base agreement. This tactic, Villard notes, is blackmail in the finest tradition of the Barbary pirates.

Ben-Halim is insisting that he visit Washington at the earliest opportunity to seek assurance of additional American economic assistance above the offered \$2,000,000 annual base payment. Ben-Halim has also indicated that he intends to suspend further negotiations in Libya and to conclude the final agreement in Washington.

Comment: The Libyans have a list of three specific development projects, costing some \$18,000,000, for which they are likely to ask American aid.

11. Lacoste clemency proposals provoke bitter opposition in Morocco:



The distribution of 50,000 leaflets by a French veterans' organization in Casablanca clearly reveals what Resident General Lacoste faces if he tries to restore political liberty to the Moroccans, according to the American consul in Rabat. The leaflets condemn Lacoste's alleged instructions to release and negotiate with the Arab nationalists as "criminal and treasonable."

Comment: On 12 June the offices of the veterans' organization were wrecked by bombs.

The mounting vehemence and bitterness expressed by both nationalists and the local French suggest that there is at present little hope of reaching a peaceful settlement in Morocco.

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~~TOP SECRET~~**LATIN AMERICA****12. Guatemalan army rumored threatening revolt on Communist issue:**

[redacted] Top Guatemalan army officers have given President Arbenz until 15 June to oust the Communists from the government or be ousted himself, according to persistent rumors.

[redacted] Arbenz informed a group of civilian officials of this army pressure and declared that his policies were "unchangeable." He said that, if necessary, he would arm the workers and peasants, who would fight for the government "to the last man."

Comment: The army is believed still to have the capability for decisive action against the regime. A growing number of officers realize, however, that the 6,000-man army may not long retain this capability if the much larger Communist-led labor and peasant groups obtain sufficient quantities of arms.

Last December and January peasant groups were incited to seize numerous private properties in [redacted] an effort to condition these workers to violent action under Communist leadership. The labor and peasant groups are again becoming aggressive and are believed already in possession of some arms.

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